LIMITED

WRD/MKG/INF/L.124

15 November 1963
ORIGINAL : FRENCH

UNITED NATIONS

ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

CAMBODIA, LAOS, THAILAND AND REPUBLIC OF VIET-NAM

Committee for Coordination of Investigations
of the Lower Mekong Basin
Twenty-Second Session (Special)
21-24 November 1963
Saigon, Viet-Nam

IMPROVEMENT AND REORGANIZATION OF INLAND WATERWAYS TRANSPORT - SOUTH VIET-NAM

(Comments by Mr. A. L. Van Riet, Director for Inland Navigation Improvement on the Mekong)

I. Investments:

By taking the figures stated in the report, it is possible to establish a first estimate of the capital investment needed to re-establish the inland waterway fleet to its normal conditions.

- 80 barges self-propelled	350 T @ 3,600,000VN$	=	288,000,000VN$
- 360 barges (dumb)	250 T @ 1,800,000VN$	=	648,000,000VN$
- 31 tugs 400 HP	@ 5,000,000VN$	=	155,000,000VN$
Total investment to extend over 10 years:			1,091,000,000VN$
The annual investment during 10 consecutive years would be:			109,100,000VN$
This represents at an equivalent of 60VN$ to the US Dollar:			1,818,333US$

/The prices

The prices of the craft are based on the cost price of metal construction now applied by the shi, yards in Saigon, and are subject to the fluctuations of steel prices and price of labour.

Saigon would probably be able to build such a fleet if the time for construction is extended. However, to activate the re-establishment of the situation it might be more interesting to send out simultaneous calls for bids overseas.

The acquisition of two or three prototypes in different countries could facilitate the choice of the craft best appropriated to the traffic they are destinated for. On the other hand, a call on foreign construction could facilitate the granting of loans by friendly countries.

II. Influence on the general economy of South Viet-Nam:

One of the purposes of the five-year plan 1962-1966 in Viet-Nam is to push the production of paddy to reach the export figure of 500,000 tons of rice yearly. All reduction in inland transportation prices will thus have a capital influence on the possibilities and the financial returns of these exports, which would enable Viet-Nam to reconquer the place it occupied on the world rice market before the events.

The report under review, mentions on page 5 that in 1966, 1,800,000 of merchandises will have to be carried by inland waterways.

In its annex C the report gives the figure of 250 km, as the average distance on which these merchandises will have to be carried, meaning that provisions have to be made for the transport of 450 million T/km.

The official rate for road transport being 4VN$ per ton/kilometer, the expense to be foreseen for the 1966 transports would be 1,800 million VN$ if all was carried by road.

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At the official inland waterways rate, these transports would only cost 0.90VN$ per T/km for a total of 405 million VN$, or 1,395 million VN$ less than by road.

These figures, although more or less theoretical, make it however possible to give a first idea of the considerable amounts that are engaged in the transports in general and also, by comparison, show that the figures cited for the investments are very reasonable.

If in the future, following the results given by the five-year plan, the inland productions increases, then the relation between the investments and the capital returns will become more and more beneficial.

These considerations call, however, for some reservations. Free competition, at least during the first years should not be underestimated. There is no hope to see the users of road transport spontaneously come back to the use of waterway transport.

There will always be some merchandises carried by road because these carriers take and deliver the goods from door to door. The road carrier who does this kind of transport will always be able to give a favourable rate, always working on full load on the outgoing and return trips. It is probable that the road carriers will always keep a very considerable place in the transport of rice decorticated in the provinces. This kind of rice, which does not stand long storage and destinated mostly for local consumption, will be delivered directly to the wholesaler in town or in the province N.E. of Saigon, thus avoiding two handling charges in the port of Saigon.

The inland waterway transports offer really very serious advantages, when carrying the paddy from inland to the decorticating plants situated in Saigon. Since many years, these plants have specialized in the processing of first grade rice destinated for export. It is in the transport of this category of paddy that the general economy of Viet-Nam will be the best served, by a fleet in good condition, well managed and run by modern methods.

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Part of the benefits so realized on the transport of rice destinated for export, could be recuperated to the benefit of the Government when the rice is embarked in Saigon. Another part of the benefits could be returned to the producer by raising the buying price, this would certainly create an evolution of the living standard of the population in the provinces, and at the same time create an actual stimulant for the improvement of the production in quality and quantity.

An eventual adjustment of transport tarifs by classifying the merchandise in categories, should not be excluded. This adjustment might be of great aid to clarify the situation and encourage the return of private enterprise to the waterways transport.

All adjustments of tarifs should, however, go in common with progressive improvements in the organization of transports, rotation, recruitment of crews, installation of shipyards for repairs and maintenance.

The report submitted by Viet-Nam calls for a very favourable examination by the Mekong Committee. The results obtained will have to be followed up very closely to serve from the beginning as directive for the reorganization in the near future or if possible simultaneously, of the inland navigation equipment in the three other riparian countries, members of the Mekong Committee.

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